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C O N F I D E N T I A L SECTION 01 OF 02 LILONGWE 000930

SIPDIS

STATE FOR AF/S MELINDA TABLER-STONE  
PARIS FOR D'ELIA  
MCC FOR KEVIN SABA

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TAGS: [ECON](#) [PGOV](#) [KCOR](#) [EINV](#) [KHLS](#) [MI](#)  
SUBJECT: MALAWI ANTI-CORRUPTION UPDATE

REF: LILONGWE 829

Classified By: Econoff W. Taliaferro for reasons 1.4 b/d

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SUMMARY  
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11. (SBU) In a recent conference with Malawi's Anti-Corruption Bureau, director Gustave Kaliwo described the status of his agency's new and ongoing prosecutions. Three new cases are significant: the upcoming deposition of former president Bakili Muluzi in an investigation against him, and the recent arrests of suspended Secretary to the Treasury Milton Kutengule and Chief Immigration Officer David Kambilonje. Despite the ACB's limited ability to get speedy convictions, the anti-corruption drive is still proceeding apace, with no apparent interference from the President's office. End summary.

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CURRENT CASES: POLITICAL ENEMIES AND FRIENDS  
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12. (C) In the Muluzi case, Kaliwo showed us copies of checks and bank transfers, each in the hundreds of thousands of dollars, from the governments of Taiwan and Morocco to Muluzi's personal accounts (reftel). He also said he has found specific personal expenditures from those accounts, including the purchase of a Bentley automobile for his son, Atupele Muluzi, currently an MP who was studying in the UK at the time. Kaliwo also said he has a case based on the construction of the Keza office complex in Blantyre, which Muluzi built and leased to the Malawi Revenue Authority while he was in office. Kaliwo recently summoned Muluzi for questioning, but the latter has succeeded in getting a court injunction against the summons. The next few weeks should tell whether that injunction rests on solid legal ground, but Muluzi can be expected to continue to delay. (Note: Kaliwo said the ACB had been helped by the timely assistance of US Treasury's Carol Kelley, who happened to be at the ACB doing a needs assessment for future technical assistance. Ms. Kelley provided some on-the-spot technical advice that moved the investigation closer to a conclusion. End note.)

13. (U) Secretary to the Treasury Milton Kutengule, a key player in Goodall Gondwe's finance ministry, was arrested after three months on suspension over a suspect bank account. Kutengule had created a sole-signatory account for some MK20 million (\$165,000), ostensibly to handle money for the purchase of school buses for Chancellor College. Kaliwo has charged Kutengule with abuse of public office and theft by a public servant. Before taking the Treasury job, Kutengule had been President Bingu wa Mutharika's principal secretary when the latter was minister of economic planning.

14. (C) On October 18, Chief Immigration Officer David Kambilonje was arrested on corruption charges in a case involving fraudulent Malawian travel documents. Three foreign nationals had been apprehended with fraudulent passports at the airport in Lilongwe, and when Kambilonje ordered them released, immigration officials filed a complaint with the ACB. On investigation, it was found that Kambilonje had been involved with issuing the papers in exchange for a bribe. Newspaper accounts have pegged the value of the bribe at \$50.

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CASES IN PROCESS  
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15. (SBU) Of the pending cases, Kaliwo offered the following status information:

-- Former finance minister Friday Jumbe. This case is awaiting resolution of a technical challenge in the Constitutional Court. Jumbe is charged with profiting from a maize scam and using the proceeds to build a Blantyre hotel.

-- Humphrey Mvula. The former head of parastatal Shire Bus

Lines is charged with directing parts and end-item contracts through relatives for personal profit. The ACB withdrew the case from a magistrate's court on suspicion that the magistrate had been coopted. It has submitted the case to the high court, a move that Mvula has challenged.

-- Former education minister Yusuf Mwawa. Charged with misappropriating funds to pay for his wedding, Mwawa is scheduled to present his defense in court on November 2, nearly a month after the ACB rested its case.

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COMMENT  
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16. (SBU) The Mutharika administration continues to chip away at corruption, and the President himself has demonstrated no desire to interfere with the ACB's operations: the campaign has hit close to him, with the arrest of his then-sitting education minister and his treasury secretary. While the timing of the summons to Muluzi is suspicious, with the most significant development in the case falling in the middle of a parliamentary debate on impeachment, Kaliwo has explained it as being a function of the timing of a key bit of technical assistance from outside Malawi. It is ironic that the Muluzi deposition (and possible arrest) may fall during an impeachment trial whose genesis lies in Mutharika's refusal to extend Muluzi's kleptocratic patronage system.  
EASTHAM